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ABSTRACT

This written testimony, presented to the California State Assembly on February 28, 2001, by Thomas J. Nussbaum, Chancellor of the California Community Colleges (CCC), presents statistics for the financial state of the California Community College System, in comparison to both other states and to the California K-12, California State University (CSU), and University of California (UC) systems. The CCC spends, under an improved 2000-2001 budget, $4,675 per full-time equivalent student (FTES). The national average for 1998-1999 (and since increased) was $6,300 per student. California's K-12 funding is $7,080. The CSU funding is $10,822 per FTES, and the UC funding is $25,554 per FTES. Nussbaum estimates that these budgets are 70% of the national average. Due to this low level of funding, the CCC's are forced to make decisions that affect the quality of education in ways that include the following: (1) class sizes are significantly larger than the national average; (2) part-time instructors are often used when full-time instructors are needed; (3) instructional equipment is often outdated; (4) creation or expansion of high cost programs (often including occupational programs) is impeded; (5) staff and leadership development is decreased; (6) deferred maintenance and modernizing of facilities is foregone; and (7) student-to-counselor ratios are very high. (NB)

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ED 454 936

Assembly Budget Subcommittee on Education Finance

Wednesday, February 28, 2001, 4:00 p.m.
State Capitol, Room 437

Written Testimony of Thomas J. Nussbaum,
Chancellor of the California Community Colleges

1. What is the unique role of the California Community Colleges within California's system of higher education?

Given the increasing complexity of our society, and the need to remain competitive in the workforce, ongoing access to higher education has gone from a privilege to an absolute necessity.

The California Community Colleges is a system with a unique role, both in terms of its programmatic mission and its open admissions policy. Under the State's Master Plan for Higher Education, the community colleges' programmatic mission includes the following:

- Academic and vocational instruction at the lower division level, leading to an associate in arts or associate in science degree, or to a certificate;
- The first two years of college for persons wishing to secure a baccalaureate degree (the transfer function);
- Remedial instruction, adult noncredit education, and support services which help students succeed at the postsecondary level;
- Education, training, and services that contribute to continuous workforce improvement, so as to advance California's economic growth and global competitiveness.

In terms of our open admissions policy, the State's policy is that every person with the capacity and motivation to pursue higher education should have the opportunity to do so. Since not every student is initially entitled to be admitted to the University of California or the California State University, the community colleges uphold the State's guarantee of access. Under law, any California resident holding a high school diploma or the equivalent has the absolute right to be admitted, and persons over 18 and capable of profiting from the instruction offered may be admitted.

As the gateway to higher education, the California Community Colleges currently enroll 1,596,000 students, roughly 75% of all students pursuing higher education in the State's public universities and colleges. Our community college system is the largest in the World, and we preparing to become even larger. According to the official enrollment projections of the California Postsecondary Education Commission, during the current decade (2000-2010), California's Community Colleges will be called upon to serve more than 450,000 additional students, roughly 75% of the more than 600,000 additional students who will be coming to the State's public colleges and universities.

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Walk onto our campuses and you will see that our students mirror the rich diversity of the State:

- 25.6% Latino
- 7.9% African American
- 13.4% Asian/Pacific Islander
- 46% White
- 57% Female

Most of our students come from lower and middle-income backgrounds. Eight out of ten of our students work, and four out of ten work full-time. They are of all ages; in fact, 60% of our students are in their teen's and twenty's; while 40% are thirty or more years of age. They come to us with many different goals: four out of ten want to transfer, and the other six out of ten want to obtain a vocational education degree or certificate, obtain an associate degree, formulate career interests, prepare for a new career, advance in a current career, pursue educational development, or improve basic skills. They also come to us with greatly varied levels of educational preparation.

Given the increasing complexity of our society, and the need to remain competitive in the workforce, ongoing access to higher education has gone from a privilege to an absolute necessity. Community colleges are the gateway to this opportunity, and we thus carry the hopes and dreams of the vast majority of those attending public colleges in our State. Just as important, serving these students contributes immeasurably to the social and economic success of the State.

2. What new initiatives, if any, are proposed for the California Community Colleges in the Governor's Budget?

In answering this question, I first point out that in the proposed budget Governor Davis is continuing to fund a number of previously established initiatives. While we are grateful for this support, your question is directed at new initiatives. There are two that we are particularly pleased with.

First, the Governor is to be commended for providing $62 million for improvements in part-time faculty compensation. As a system, the Board of Governors and my office worked with many groups to develop and submit this proposal to address a problem that has been with us for almost three decades. We requested $75 million, as part of a multiple year effort to upgrade the salaries of our part-time faculty. Ultimately, paying our part-time faculty salaries that are more comparable with their full-time counterparts will enhance the quality of staff we are able to attract, enable us to better retain staff, and will ensure that our students have access to their instructors. With this proposal, California will again lead the nation with a progressive response to a problem that is now national in scope for all of higher education.

Second, the Governor is also to be commended for enabling our colleges to carry out their essential roles in last year's landmark reform legislation to provide Cal Grants to all eligible students. With the limited financial aid administrative capacity that most of our colleges have, we are concerned that it will be difficult to gear up, assist our students in securing awards, and timely complete the documentation requirements of the new law. The Governor has proposed $11 million to assist our colleges, and these funds will enable our colleges to do their part to implement this landmark reform.

3. What are the three most critical issues facing the California Community Colleges in the coming decade?

While I could cite many major challenges facing our colleges, here are the three that I deem most critical:

a) Providing a world class education for our students with an operating budget that is about 65 cents on the dollar as compared with the national average in funding for community colleges;

b) Improving and expanding the role community colleges play in preparing the State's workforce and in economic development; and

c) Addressing compelling human resource needs that have everything to do with improving the quality of our programs and services, including: recruiting and hiring massive numbers of new faculty and staff during the decade, making progress on our goals for a diverse workforce, improving compensation for all staff, meeting needs for staff development and leadership development, and strengthening the human resources of the system's Chancellor's Office.

I'd like to spend a few moments elaborating on each of these challenges.

3a) Providing a world class education with 65 cents on the dollar...

It is widely documented and acknowledged, including by the Speaker of the Assembly, that California Community Colleges are severely underfunded. According to the Education Commission of the States, the community college national average for expenditures per student for 1998-99 was $6,300; while the California Community Colleges expended $4017 per student during that year. This is less than 65 cents on the dollar as compared with the national average. Improved funding in 2000-2001 has increased our current funding to about $4,675 per student; however, because the national average has also moved up (especially due to fee increases) we estimate we're still funded at less than 70% of the national average.

Data from the California Postsecondary Education Commission (Fiscal Profiles, 2000) also show that our community colleges continue to lag far behind the funding provided to the other California public education segments. According to the report, for 2000-2001:

- K-12 funding per ADA is $7,080
- CCC funding per FTES (full-time equivalent student) is $4,675
- CSU funding per FTES is $10,822
- UC funding per FTES is $25,554

Don't get me wrong, the other segments need and deserve every penny that has been allocated to them. It's just that in my 25 years of experience with California education, I've never heard an explanation that helps me understand why the community colleges should lag so far behind.

With this low level of funding per student, our colleges are forced to make very difficult decisions that inevitably effect the quality of programs and services we provide for our students. Here are just a few examples:

- Class sizes are significantly larger than the national average, limiting the attention our instructors can devote to individual students;
- We often use part-time instructors when we should be using full-time instructors;
- Our instructional equipment is often outdated, and we aren't keeping up with technology;
- We avoid creating or expanding high cost programs (many of which are in the occupational areas);
- We forego the need to attend to staff and leadership development;
- We forego modernizing our facilities and keeping up with deferred maintenance; and
- We have very high student-to-counselor ratios, thus limiting the access our students have for counseling and advisement.

The students who attend our colleges-students who closely mirror the multi-cultural diversity of our state and who come mostly from middle and lower socio-economic backgrounds-deserve the best. Come to our campuses and you'll see that we struggle heroically to serve our students with the limited resources we are provided. I believe we do an excellent job, and our students and the public also think so. But our students deserve better; and to do better, we simply must be funded better.

3b) Improving and expanding the role community colleges play in workforce preparationan economic development...

The California Community Colleges have played and will continue to play an increasingly important role in the social and economic success of the State. Community colleges not only hold the key to success for millions of our citizens, but also the key to a workforce prepared to compete in a global economy. In fact, our system is the State's largest workforce preparation provider of technically skilled positions in well-established occupations, including: administration of justice, nursing, fire science, medical assisting, dental hygiene, computer and data processing, automotive technology, aviation maintenance, culinary arts, apprenticeable trades, and hospitality management. We are also one of the State's largest workforce preparation providers for technically skilled positions in the new economy, including: digital systems, multimedia entertainment, advanced transportation technology, biotechnology, and geographic information systems.

The community colleges carry out their workforce preparation and economic development roles as part of a complex array of workforce preparation providers and economic development agencies. Our colleges participate in a variety of federal, state, and local programs, and apply a variety of categorical and general apportionment funding streams. In so doing, we constantly face the challenge of organizing all this effort into a coherent program that not only meets local and regional needs, but also statewide needs. The task is made more complex by the need to collaborate and coordinate with the many other workforce providers in meeting these community, regional, and statewide needs.

As good as we are in workforce preparation and economic development, we can do better. Very recently, the Board of Governors has made the commitment, as one of its highest priorities, to develop an initiative to bolster the community colleges' role in workforce preparation and economic development. At the center of this priority is not only a will to increase the coordination and collaboration that I have just addressed, but also the intent to request that the State significantly increase its investment in this critical area of our mission. Because we are just beginning to develop this initiative, only a modest augmentation request is before you as part of the 2001-2002 budget cycle. However, a significant request will be before you in the next cycle. Enabling our colleges to maximize their potential for preparing the State's workforce and strengthening its economy is one of the most important investments you could ever make.

3c) Meeting compelling human resource needs...

During the coming decade, the community colleges must address a number of compelling human resource needs. Because of significant enrollment growth and the need to replace faculty who retire or leave, we will be faced with recruiting and hiring 17,000 full-time faculty and 28,000 part-time faculty by the end of the decade. More than half of the 50,000 full-time and part-time faculty currently employed will have retired or left, and we will thus have a completely new mix of faculty. The quality of the faculty hires we make this decade, as well as our ability to retain them, will have everything to do with the quality of our programs and services into the long-term future. The same conditions apply to our administra-

tive and classified staff, as we will be facing massive hiring needs, particularly because of retirements and other job departures. Clearly, we will need an aggressive program of recruitment, an ability to pay competitive salaries, a full range of staff development and leadership development activities, and additional strategies and resources to improve the diversity our staff.

An essential component to improved quality is increased progress on our system goals for a diverse workforce. Our staff is the most diverse of all of the higher education segments, however, we still have a long ways to go. We have hired more full-time faculty during the past three years than any other time in our history; and, in doing so, we have continued to diversify the ranks of both our full and part-time faculty. Given the ever-increasing diversity of the State's adult population, however, it's clear that we must do even more if we are to make real progress in our quest for a diverse workforce.

A third critical human resource need is staff and leadership development. Among the first activities to be sacrificed in a resource-starved environment is staff development. We ask too much of our faculty and staff when we ask them to continue to perform ever-changing jobs without additional training or opportunities for renewal. In addition, given the massive numbers of new faculty, administrators, and classified staff who will be joining us, it is critical that we have programs for staff and leadership development.

The system's 2001-2002 budget proposal requests funds for several of these critical needs. First, as mentioned earlier, we are seeking $75 million for improvements in compensation for part-time faculty. Second, we are requesting $10 million for faculty and staff diversity, including a new program which would expand faculty internships in our colleges for postsecondary students contemplating teaching careers. Third, we are requesting $10 million to expand staff development opportunities. And, finally, with our $100 million request for the Partnership for Excellence, and with our request for enrollment growth funding, we are providing our colleges with funds that will be used to add full-time faculty positions.

4. What are the facilities needs of the California Community Colleges in the coming decade and how do you plan to meet them?

Meeting our facilities needs is certainly one of the most critical issues facing community colleges, and perhaps even one of the top three issues. As a system, the California Community Colleges has 108 full service campuses, 54 approved off-campus centers, and 20 district officers. Our assets include approximately 21,000 acres of land, 4,700 buildings, and 53 million square feet of space. With the 450,000 to 525,000 student enrollment growth that we will be asked to serve during the next decade, we will need an additional 47 million square feet of instructional building space.

If these numbers didn't stagger you, I am about to do so with our cost estimates of meeting this need. As I proceed, I first want to point out that construction costs for community college facilities are considerably less expensive per square foot than facilities for the University of California and California State University systems. In addition, we have been making aggressive efforts to use our facilities on a year-around basis. The average number of days of instruction for our 108 colleges has increased from 271 days a year in 1996-97 to 300 days for the current year.

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For the decade, our facilities needs are approximately $16.7 billion dollars. These needs are broken down into new facilities and modernization of existing facilities. As to new facilities, we'll need $7.5 billion, consisting of $4.5 billion for new facilities for the first five years, and an additional $3 billion needed for the next five years. As to the costs of modernizing existing facilities, we'll need $8 billion, consisting of $3 billion for the first five years, and $5 billion for the next five years. Included in this category of modernizing existing facilities, are critical life safety renovations, general modernization and renovation, and replacing temporary buildings. Finally, we have included costs of about $1.1 billion over the second five years to provide an adjustment for the effects of inflation.

To meet these needs we will rely on state bond funds, local general obligation bond funds approved by voters pursuant to Proposition 39 (or by the traditional two-thirds vote), local fund-raising, local revenue bonds, gifts, and partnerships with other public and private entities. In general, we'll be working with you, as legislators, and the Governor to develop the most generous state capital outlay bond package possible. We're hopeful that the State will fund between 50 and 75 percent of these needs, with the remainder coming from local and other sources.

5. Can you identify areas in the California Community Colleges budget where savings might be found? Are there areas where we might redirect funds to achieve a greater return on our investment of public funds?

Given the serious underfunding of our colleges, this is a difficult question to answer. However, I would identify one potential redirection of funds. The Legislative Analyst points out that the Teacher Reading and Development Partnership program has been overfunded due to a 1-year delay in getting the program started and issuing program grants. We agree that the Legislature could revert $10 million in the current year general fund, and use it for some other one-time purposes for the community colleges.

In summary, the California Community Colleges are the workhorses of higher education. We serve the vast majority of the State's students who pursue public higher education. Despite significant underfunding, we have struggled heroically to serve our students. During the last five years, we have widely opened our doors, so that we are now serving 260,000 more students than we did in the fall of 1995. Just as important, we have applied additional funding received for a new program called the "Partnership for Excellence" to significantly increase the performance of our students. For instance, we are transferring 3,383 more students to the University of California and the California State University than we did in 1998-99-an increase of more than 6%. 1999-2000 marks the first year that we have really begun to turn the transfer numbers around. In addition, we are providing 5,419 more associate degrees and certificates than we did in 1997-98. Finally, since the fall of 1995, we have added almost 2,500 full-time faculty to our ranks, gradually lessening our reliance on part-time faculty.

We have done all these things and more while continuing to be funded at about 65 cents on the dollar as compared with the national average for community colleges. Our goal is both modest and simple-over the next four budget cycles we are requesting that our funding level be improved from 65 cents on the dollar to 85 cents on the dollar. To accomplish this will require that revenues per student be increased by about $500 per year, so that our colleges are funded at about $6,500 per student by 2005. To achieve this goal will entail ongoing augmentations of $750 million to $800 million per year; and the system request made to you and the Governor provides our best thinking about how these funds should be invested. The Governor has funded 50 percent of our total request in his January budget, and we stand ready to work with the committee, the Legislature, and the Governor to earn your confidence and the most generous investment possible.